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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 31, 2015

CERTIFIED RETURN RECEIPT

7013 3020 0002 3659 5873

Sam Smith
Utah Sand and Gravel
2596 Fairway Cr
Bountiful, UT 84010

Subject: Review of Reclamation Surety, Utah Sand and Gravel, North Salt Lake Mine, S/035/0045, Salt Lake County, Utah

Dear Mr. Smith:

The last surety estimate for the North Salt Lake mine was done in 2011 and escalated to 2015 dollars, with an escalation date of February 16, 2015. The surety amount needs to be adjusted to account for changes in reclamation costs. In addition the current disturbance is shown to be 12.6 acres (see figure 1). The North Salt Lake mine will need to either reclaim to five acres or smaller, or submit a Notice of Intention to Commence Large Mining Operations (LMO).



Figure 1. Google Earth image of total disturbed area for the North Salt Lake mine shown at 12.6 acres.

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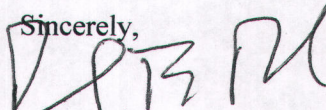
Please submit the following as an interim reclamation surety until either the LMO is received or the area has been reclaimed back to five acres. Based on average reclamation costs, the surety amount needs to be increased from \$25,100 to \$133,300 for a three-year escalation (to 2018) or \$136,500 for a five-year escalation (to 2020). The average reclamation costs are outlined below:

Small Mine Operation Over 5 Acres Bond Calculation Worksheet S/035/0045			
3-year escalation (2017)			
Item	Qty	Unit Cost	Total Cost
6th Acre Disturbance	1	\$37,300.00	\$37,300.00
Add'l Acres Disturbance	12	\$8,000.00	\$96,000.00
Mob/demob over 51-100 miles	0	\$2,800.00	\$0.00
Mob/demob over 101-150 miles	0	\$5,500.00	\$0.00
Mob/demob over 151-200 miles	0	\$8,100.00	\$0.00
TOTAL			\$133,300.00
5-year escalation (2019)			
Item	Qty	Unit Cost	Total Cost
6th Acre Disturbance	1	\$38,100.00	\$38,100.00
Add'l Acres Disturbance	12	\$8,200.00	\$98,400.00
Mob/demob over 51-100 miles	0	\$2,800.00	\$0.00
Mob/demob over 101-150 miles	0	\$5,500.00	\$0.00
Mob/demob over 151-200 miles	0	\$8,100.00	\$0.00
TOTAL			\$136,500.00

Please contact the minerals bond coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the additional bond. Your current bond is in the form of a cash deposit with Zions Bank. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

Please provide the additional surety on or before September 14, 2015, and submit an LMO by January 4, 2016. In lieu of an LMO, please perform the reclamation no later than November 2, 2015. Failure to meet these deadlines may results in issuance of a cessation order and associated fines. Thank you for your help in keeping the surety current. Please contact Leslie Heppler at 801-538-5257 or me at 801-538-5261 if you have questions concerning this requirement.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:lah:mbt:pb
cc: Wayne Mills, wayne.mills@slcgov.com
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